

GUIDE TO USING THE BUDGET DOCUMENT

The goal of the Biennial Budget is to describe how the resources available to the Village will be used to provide services to the community during the budget period. The budget document illustrates the Village's projected revenues, operational expenditures, capital expenditures, and expected financial results for the budget period. The document also serves as a legal document that provides the appointed officials of the Village (*i.e.*, *Village Staff*) with the authority to expend Village funds. Finally, the budget document serves as a goal setting and policy document and includes the Village goals, policies, and procedures approved by the Village Board as part of the budget authorization process.

In order to fulfill its multiple functions, the budget document must strike a balance between ease of use for readers who may not be familiar with Barrington or experienced in municipal finance, and usefulness for experienced readers and municipal officials. The document must be intelligible to a lay person and include detailed information about the operations, capital expenditures, and financial outcomes that will result from the authorized legal budget.

To accomplish the goal of balancing intelligibility and usefulness, the budget document is presented in a format that provides several levels of financial and operational detail. There are two methods of accessing information in the document. The first is to utilize the table of contents and/or the index to go to those sections of the document that are of particular interest. The second method is to work through the budget document section by section. The document has been arranged so that it will guide a reader unfamiliar with Barrington or municipal budgets from one section to the next. Each section enhances the reader's understanding of the Village, its operations, and its finances and provides information to assist the reader in understanding subsequent sections.

This budget is a financial plan relating proposed Village services for 2005 and 2006, to the estimated means of financing them. It is prepared on a basis sufficient to accommodate accounting, legal, and management requirements. The following descriptions provide information about how to use each section of the document to understand the Village's Biennial Budget plan.

Table of Contents and Index

The Table of Contents lists the major subjects and their associated page numbers. The index, located at the back of the document, provides a comprehensive, alphabetically arranged listing of subjects and their associated page numbers. The index offers the reader a quick, comprehensive reference to individual subjects.

Introduction to Barrington

This section is a community and demographic summary and provides a synopsis of Barrington, its history, its residents, and the services provided by the Village.

The Budget Process and Public Involvement

This section provides an explanation of the Village's budget process and a description of each step in that process. A calendar, with all of the tasks included in the budget process and the time frame in which they are completed, is also included in this section. This section also describes the extent of resident involvement in the budget process.

The Basis of Budgeting

This section describes the basis upon which the budget is formulated. The Village's budget is generally based on standards set forth in Generally Accepted Accounting Principles (GAAP) and any deviations from these principles are noted. This section also describes similarities and difference between the financial reporting requirements followed in the Village's Comprehensive Annual Financial Report (CAFR) and the method of presenting financial information in the budget document.

Financial and Budgeting Policies

This section illustrates the financial and budgeting policies that guide the development of the budget and provide the framework for internal financial controls that maintain the integrity of the Village's finances. This section includes descriptions of the Village's policies on budgeting, fund balances, revenues, operating expenditures, capital projects, debt, and financial reporting.

Evaluation of Financial Condition

It is important to understand the Village's financial condition at the beginning of the budget period in order to completely understand the effect of the Village's operations and finances in 2005 and 2006. This section investigates the Village's financial condition at the beginning of the 2005 – 2006 Biennial Budget by displaying financial ratios, providing brief explanations of the ratios and their meaning, and comparing the Village to other comparable communities.

Synopsis of Economic Events and Assumptions

This section provides a description of recent economic history and how that history has impacted the Village's financial situation. This section continues by describing the economic assumptions underlying the Village's revenue projections and operating expenditure budgets.

Revenue Descriptions, Historical Trends, and Projections

This section provides descriptions, historical trends, and projections for the major revenue sources in each Fund. Major revenues sources are defined as those sources of revenue in an accounting fund that provide more than 10% of total revenues or produce more than \$500,000 in revenues.

Financial Summary Tables and Budgets by Fund

The Financial Summary Tables at the beginning of this section provide an overview of the estimated revenues, operational expenditures, capital expenditures, transfers, and ending Fund Balance/Net Assets for the Village and for each accounting fund. Two tables are presented for each fiscal year, the first table presents the financial information by Fund Groups (*i.e.*, *General Fund*, *Governmental Funds*, *Enterprise Funds*, *Internal Service Funds*, and *Fiduciary Funds*); the second table presents the information by individual fund.

The Budgets by Fund section follows the Financial Summary Tables. Each Budget by Fund includes a written budget summary and a table that presents the estimated revenues, operational expenditures, capital expenditures, transfers, and changes in Fund Balance (*or Net Assets for the Enterprise, Internal Service, and Fiduciary Funds*) for the period from 2002 through 2006. The written budget summary includes a detailed review and analysis of the revenues, expenditures, transfers, and changes in Fund Balance that will occur in the budget period. At the end of each written budget summary is a table entitled "Summary of Revenues, Expenditures (*or Expenses*), Transfers, and Changes in Fund Balances". Each table displays the 2002 Actual, the 2003 Actual, the 2004 Amended Budget, a 2004 Projected Actual, the 2005 Budget, and the 2006 Budget in a six column format. The tables can be used as tools to immediately analyze the financial impact of the authorized budget on each accounting fund. The basis of presentation in each accounting fund is dependent on the measurement focus of each fund (*please review the Basis of Budgeting section on Pages 30-31 for a complete description of the measurement focus for each fund*).

Budgets by Department

The 2005 – 2006 Biennial Budget is comprised of 40 budgetary units. A budgetary unit is defined as either a Department, such as Public Works, or a Division of a Department, such as the Street Operations Division of Public Works. A Department, which is utilized as a management tool by the Village, can be part of a single accounting fund, such as the Fire Department which is part of the General Fund. A Department can also be part of multiple funds, such as Administrative Services which is part of the General Fund, the Water and Sewer Fund, the Recycling and Refuse Fund, the Parking Fund, and the Information Systems Fund. The format for the Departmental Summaries includes:

- *Mission and Strategic Objectives* – Provides information about the long-term overall objective of the Department, why it was created, and what it is trying to accomplish by providing services to residents.
- *General Information* – Provides background information about the Department; discusses any major challenges facing the Department in the current budget program; displays the Divisions included in the Department; and provides a brief overview of the services provided by the Department to the community.
- *Accomplishments and Performance Statistics* – Illustrates the objectives established in the 2003 – 2004 Biennial Budget; describes the extent to which the Department accomplished each objective; and discusses the reasons any objectives were not accomplished. This section also provides descriptions of additional accomplishments in the 2003 – 2004 time period and displays performance statistics for the Department during 2000, 2001, 2002, and 2003.
- *Objectives for 2005 and 2006* – Provides goals and objectives that the Department is planning to accomplish in the upcoming budget years. Also describes how these goals and objectives fit in to the overall Village goals.
- *Departmental Staffing Analysis* – Provides a description and a chart of the number of staff in each Department, the change over time, and the number of staff assigned to each Division.
- *Budget Analysis* – Provides an overview of the expenditures and funding sources for each Department. The description provides details about major changes in each Department budget as well as a description of the funding sources for Department expenditures and a breakdown of expenditures by Division.
- *Equipment Purchases* – Provides a brief description of the equipment and vehicles the Department will be purchasing in the budget period.

Each Department is composed of multiple Divisions that focus on a particular subset of Departmental responsibilities. For instance, the Finance Division in the Administrative Services Department is responsible for financial reporting, utility billing, payroll, and maintenance of the general ledger. These functions represent only a portion of the total Administrative Services functions and other Divisions within the Department are responsible for performing other portions of Departmental functions. The final section of each Departmental summary includes individual Division summaries that provide brief overviews of each Division, a summary of the major services provided by each Division, and a table that displays the expenditures/expenses of the Division.

Capital Improvements

The Capital Improvements section begins by providing an overview of Village capital improvements and an illustration of the Village's capital improvement expenditures for the previous ten years. The section continues by describing each capital improvement service area (i.e., Street and Highway Improvements), and illustrating the work that will be performed and the number of projects that will occur in each service area. Each service area description illustrates the expenditures and funding sources for the projects that will occur during the budget period and describes the potential effect of these projects on the Village's operational

budgets. Service area descriptions also include a projection of expenditures and funding during the next ten years.

Legal Budget Documents

This section includes the ordinances adopting the document as the official Village budget, the actual legal budget document that is submitted to Cook and Lake Counties, the Official Village Pay Plan for 2005 – 2006, and a supporting schedule of expenditures for Property Tax Levies.

Appendices

The appendices include an analysis of Village Personnel and associated expenditures. This section also includes official Village policies to be utilized as reference information.

Glossary

The Glossary provides a definition of many of the words and phrases that are unique to municipal financial reporting and budgeting.

Additional information on the financial condition of the Village is available in the Comprehensive Annual Financial Report (CAFR) which can be reviewed at Village Hall or at the Barrington Area Library. Interested readers can also review previous budget documents and CAFRs at Village Hall or the Barrington Area Library. Administrative Services staff is also available to answer questions from residents that pertain to the Village's finances. Please contact:

Village of Barrington – Administrative Services
200 South Hough Street
Barrington, Illinois 60010
(847) 304-3400

An additional source of information is the Village Web Site; this Budget Document as well as Village Comprehensive Annual Financial Reports can be found online on the Web Site. The address is:

<http://www.barrington-il.gov>